

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 NEA-09 ISO-00 IO-10 H-02 L-02 PRS-01

PA-02 USIA-15 SP-02 AID-05 EB-07 NSC-05 CIEP-02 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-01 INR-07

NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 /117 W

----- 048887

R 061013Z MAR 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1124

AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMCONSUL HONG KONG

AMEMBASSY ISLAMABAD

AMEMBASSY JAKARTA

AMEMBASSY KABUL

AMEMBASSY KATHMANDU

AMEMBASSY KUALA LUMPUR

AMEMBASSY NEW DELHI

AMEMBASSY PHNOM PENH

AMEMBASSY RANGOON

AMEMBASSY SAIGON

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY SUVA

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMEMBASSY VIENTIANE

AMEMBASSY WELLINGTON

UNCLAS MANILA 2883

DEPT FOR NAC AGENCIES

E.O. 11652: NA

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TAGS: EAID, EFIN, BEXP, RP

SUBJECT: U.S. PROCUREMENT FROM ADB-FINANCED PROJECTS

REF: MANILA 1818

SUMMARY. FOLLOWING EMBASSY MANILA VIEWS ON IMPROVING U.S. PROCUREMENT FOR ADB PROJECTS ARE BASED ON ANALYSIS OF PROBLEMS FACING U.S. BUSINESS IN REGION AND INDIVIDUAL POSTS. THESE VIEWS DO NOT CALL FOR ADDING A NEW COMMERCIAL OFFICER POSITION TO USADB, BUT RATHER DEMAND GREATER EFFORT IN EACH COUNTRY PROGRAM TO ENCOURAGE U.S. FIRMS TO COMPETE FOR ADB PROJECTS.

1. FOLLOWING REPRESENTS VIEWS OF EMBASSY AND NOT USADB. CO-LOCATION OF EMBASSY, USADB AND ADB IN MANILA, INDEED ALL THREE ON ROXAS BOULEVARD, AS WELL AS CLOSE WORKING TIES BETWEEN EMBASSY AND USADB, HAVE FACILITATED FLOW OF INFORMATION ABOUT ADB-FINANCED PROJECTS TO U.S. BUSINESS COMMUNITY, PARTICULARLY TO WELL-ESTABLISHED U.S. EQUIPMENT SUPPLIERS AND ENGINEERING FIRMS IN MANILA. ALSO, VISITING U.S. BUSINESSMEN, AFTER CALLING ON EMBASSY REGARDING GOP-FINANCED AND PRIVATE SECTOR MAJOR PROJECTS, FREQUENTLY MAKE CALLS AT USADB AND ADB OFFICES.

2. WHILE OUR TASK IS MUCH EASIER HERE WE RECOGNIZE PROBLEMS FACED BY OTHER EMBASSIES, NOT ONLY IN MAINTAINING FLOW OF INFORMATION BUT ALSO IN OBTAINING INTEREST OF U.S. FIRMS TO PARTICIPATE IN ADB PROJECTS. SEOUL 1183 MAKES TWO EMINENTLY SENSIBLE SUGGESTIONS, AND JAKARTA 2209 RAISES SOME PROBLEMS WHICH TROUBLE MOST POSTS.

3. ON OTHER HAND, SUGGESTION THAT COMMERCIAL OFFICER BE ADDED TO USADB STAFF DOES NOT REALLY MEET THE PROBLEM. LOCUS OF LOAN RECIPIENT DECISIONS ON ADB FINANCING AND PROJECTS RESIDES IN HOST GOVERNMENT AND NOT IN ADB. MOST OBVIOUS EXAMPLE INVOLVES RELENDING FACILITIES, DECISIONS, WHICH ARE MADE IN HOST COUNTRY WHERE FACILITIES ARE ADMINISTERED BY LOCAL BANKS. END USERS ARE THERE, AND ALL INVITATIONS TO BID ARE ISSUED THERE.

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4. MAJOR PROJECTS REFLECT DEVELOPMENTAL NEEDS OF INDIVIDUAL COUNTRIES. WHILE PROJECTS ARE REFINED AND SPECIFICATIONS ARE APPROVED IN ADB, LOCUS OF DECISION MAKING REMAINS IN EACH INDIVIDUAL COUNTRY WHERE INDIVIDUAL DECISIONS TO BID ARE ISSUED, CONSTRUCTION UNDERTAKEN AND OVERALL SUPERVISION MAINTAINED BY GOVERNMENT CONCERNED. THEREFORE, PROPOSAL FOR COMMERCIAL OFFICER ON USADB STAFF DOES NOT MEET NEEDS

OF INDIVIDUAL POSTS. IT WOULD SEEM MORE TO THE POINT FOR POSTS TO ASK FOR ADDITIONAL RESOURCES IN ORDER TO MEET OBLIGATIONS IN PROMOTING U.S. PROCUREMENT UNDER ADB PROJECTS, BUT IT IS UNLIKELY THAT ASSIGNMENT OF AN OFFICER TO USADB WOULD FILL THIS BILL OR SIGNIFICANTLY IMPROVE THE ALREADY PROMPT AND ADEQUATE PROCEDURES OF USADB IN PROVIDING INFORMATION ON WHICH POSTS NEED TO ACT.

5. FROM WHAT WE UNDERSTAND, U.S. IS NOW HIGHLY COMPETITIVE IN CONSULTANCY AND HAS ACHIEVED GOOD PERCENTAGE OF SUCH JOBS. IT IS IN THE SUPPLY OF HARDWARE WHERE WE DO NOT DO SO WELL, ALTHOUGH 11.3 PERCENT IS STILL A CREDITABLE PERFORMANCE WHEN CONSIDERED IN LIGHT OF DISADVANTAGES RESULTING FROM DISTANCE, HISTORICAL COLONIAL PATTERNS AND STANDARDS, AND LACK OF SOLID U.S. BUSINESS PRESENCE IN POORER COUNTRIES OF AREA. MAJOR FACTORS IN LOWER PERCENTAGE IN SUPPLY OF EQUIPMENT IN OUR EXPERIENANCE RELATE TO (1) DISINTEREST OF U.S. MANUFACTURERS AND (2) COMPETITIVE REASONS SUCH AS PRICE, DELIVERY, ETC.

6. WE WILL HAVE TO WORK HARDER TO GET INFORMATION TO U.S. FIRMS QUICKLY, AND WE BELIEVE INCREASED USE OF TELEGRAMS IS WELL WARRANTED. USDOC WILL NEED TO GENERATE GREATER AWARENESS AND INTEREST BY U.S. COMPANIES IN ADB BUSINESS. WE ALSO ENDORSE SEOUL'S SUGGESTION THAT BID TIME NEVER BE LESS THAN 45 TO 60 DAYS IN ORDER TO COMPENSATE FOR OUR GEOGRAPHIC DISADVANTAGE. FINALLY, CONCERTED CAMPAIGN BY INDIVIDUAL POSTS AND USDOC DOES SEEM TO BE PAYING OFF AS MORE AND MORE VISITORS TO MANILA ARE NOW INTERESTED IN ADB BUSINESS AND TAKE TROUBLE TO MAKE TRIP TO ADB HEADQUARTERS.

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